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July

DREADNOUGHT
INVESTMENTS
Limited

ANNUAL REPORT 1969



DREADNOUGHT INVESTMENTS LIMITED

(Incorporated under the laws of the Province of Ontario)

HEAD OFFICE: 918 Main Street East, Hamilton 22, Ontario

OFFICERS

President: GRANT W. PHINNEY

Vice-President: STEPHEN M. FLETCHER

Vice-President: GEORGE NEALE

Secretary-Treasurer: GLADYS M. BRYSON

Solicitor:

JAMES D. McKEON OF LANGS, BINKLEY, O'NEAL & McKEON

Auditor:

FENTON, SWING & SINNAMON, Chartered Accountants

Investment Consultants:

GRANT W. PHINNEY LIMITED

Bank:

THE BANK OF NOVA SCOTIA

DIRECTORS

FRANK A. COOKE.....	HAMILTON
<i>Assistant General Manager, Hamilton Street Railway</i>	
STEPHEN M. FLETCHER.....	HAMILTON
<i>Manager, Hamilton Branch, Canada Life Assurance Company</i>	
SAMUEL J. HAMILTON.....	GRIMSBY
<i>Buyer, International Harvester Company</i>	
GLADYS M. BRYSON.....	HAMILTON
JAMES D. McKEON.....	HAMILTON
<i>Partner: Langs, Binkley, O'Neal & McKeon</i>	
GRANT W. PHINNEY.....	BURLINGTON
<i>President, Grant W. Phinney Limited</i>	
JAMES L. THOMPSON.....	BURLINGTON
<i>General Manager, Hoffman Bros. Limited</i>	
GEORGE NEALE	HAMILTON
A.P.A.	

PRESIDENT'S REPORT

Your Directors were greatly saddened by the recent loss of our President, Cecil E. Lester. A booster and leader of our Company from the start, he is missed by all who knew him.

On the year, your Company shows a 5% increase in profit, before taxes, of \$20,276.00 compared to \$19,256 for 1968. Our provision for income tax is higher, resulting in a similar net profit as in the previous year.

Part of our mortgage portfolio was sold at a slight discount. This was done to enable us to re-invest at higher rates. We have increased our holdings of commercial real estate by \$183,000. These include our Head Office location on Main Street East, and a desirable property on Ottawa Street North. We expect some increase in the revenue from these properties during the second year of occupancy. We feel they have substantial potential and should increase in value with the growth of the city.

Your Company has acquired a 33 $\frac{1}{3}$ % interest in a construction company. It is too early to project earnings and it is unlikely there will be any dividend income from this source during the next year. We receive a fair interest rate on our money loaned to the Company.

Haticat Holdings Limited have acquired an 8% interest in a Lodge in Northern Ontario. This interest was obtained through making a small loan on which a good return is being received. There is good potential for additional earnings from our equity interest.

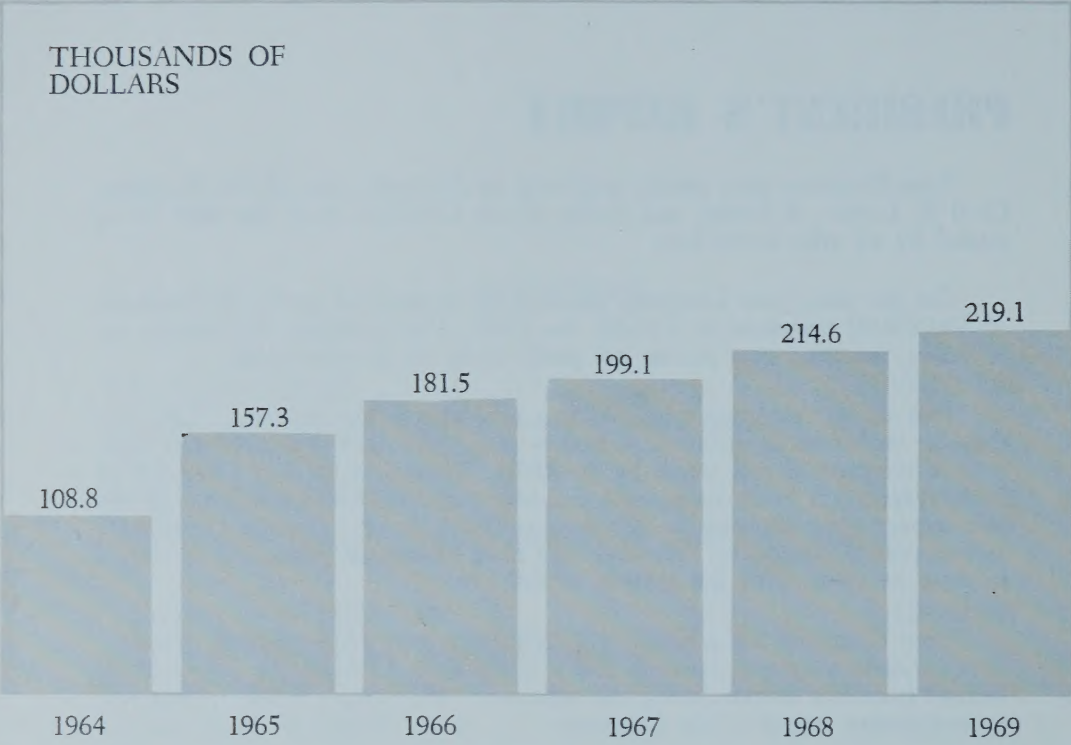
Several apartment building properties are being investigated with the view of making purchases.

The financial report shows our assets have increased from \$358,000 to \$551,000 an increase of \$193,000. It is anticipated that this increase will be exceeded during the coming year. There should be a fairly substantial increase in our net profit. This should come from our income properties. Our mortgage portfolio will be lower but the rate of return higher. Our expenses appear to be stabilizing and should increase at a slower rate than our earnings. We are optimistic that your Company is entering a period of increasing profits which could reach substantial proportions over the next two or three years.

G. W. Phinney.
President.

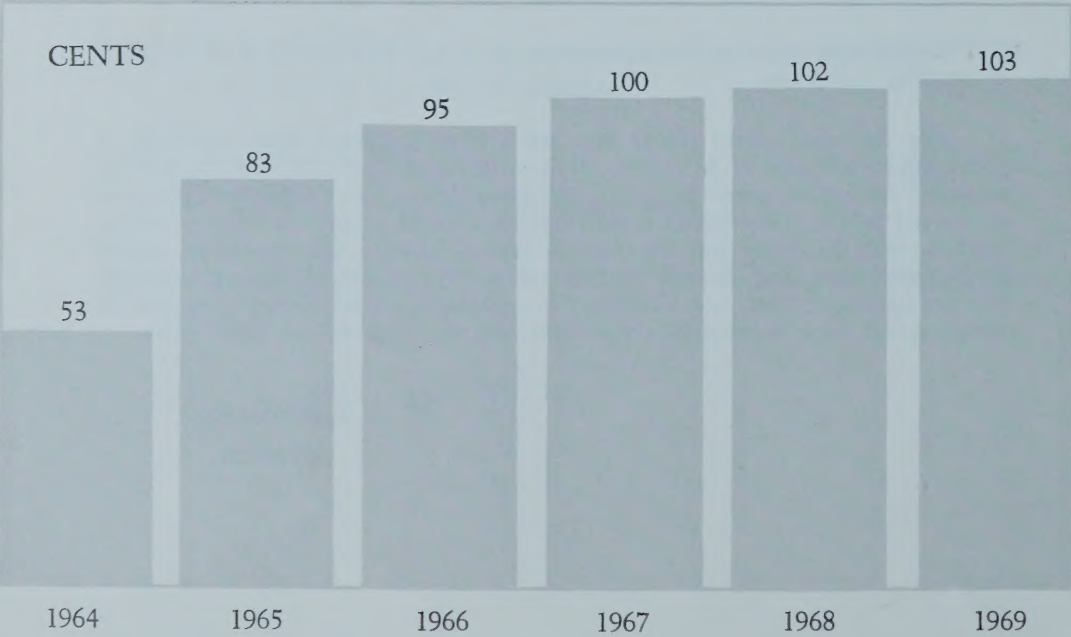
PAID-UP CAPITAL

THOUSANDS OF
DOLLARS



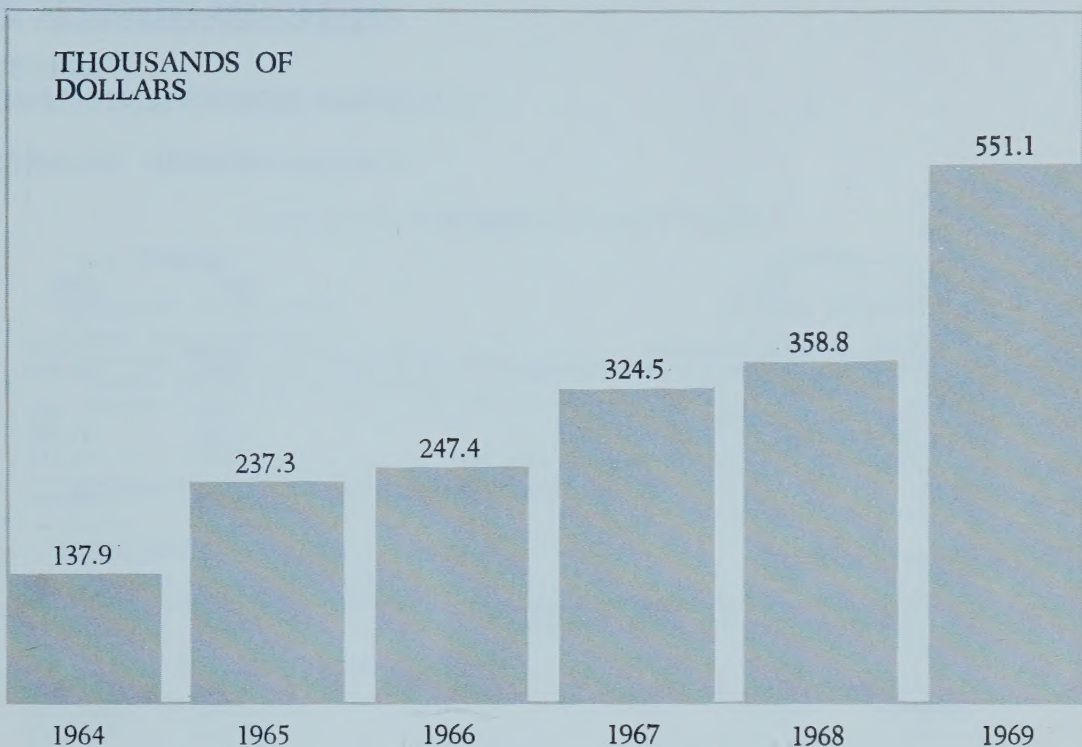
NET ASSET VALUE PER COMMON SHARE ISSUED

CENTS



TOTAL ASSETS

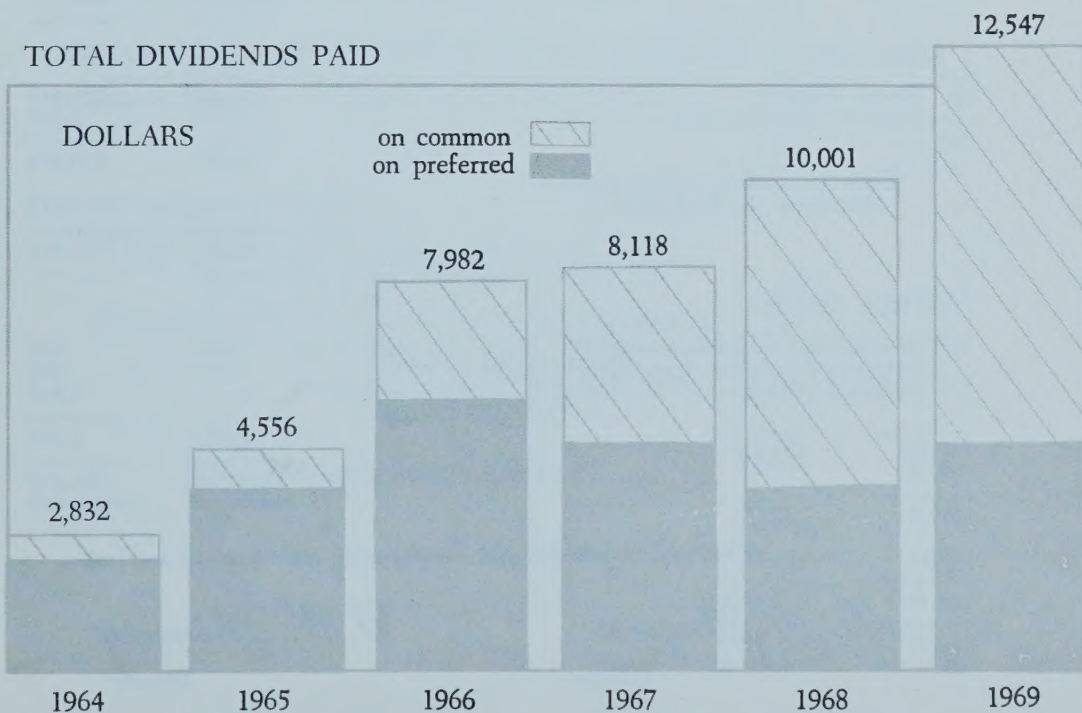
THOUSANDS OF
DOLLARS



TOTAL DIVIDENDS PAID

DOLLARS

on common
on preferred



DREADNOUGHT INVESTMENTS

AND ITS
MONTIGA INVESTMENTS LIMITED

CONSOLIDATED BALANCE SHEET

ASSETS

	AUGUST 31st 1968	1969
CURRENT ASSETS		
Cash in Bank Accounts.....	9,060	5,513
Marketable Securities at Cost—(Pledged).....	11,416	12,846
(Market Value \$12,359)		
Accounts Receivable.....	634	475
Property Held for Resale—At Cost.....	16,188	41,987
Amount of Investments due within One Year.....	35,375	31,415
	<u>72,673</u>	<u>92,236</u>
INVESTMENTS		
Notes, Mortgages and Agreements Receivable.....	271,540	252,523
Less: Amounts due within One Year.....	35,375	31,415
	<u>236,165</u>	<u>221,108</u>
Less: Provision for Loss.....	6,349	3,576
	<u>229,816</u>	<u>217,532</u>
Common Shares of Other Corporations (Cost).....	—	41
	<u>229,816</u>	<u>217,573</u>
FIXED ASSETS—AT COST		
Rental Properties.....	53,478	236,495
Furniture and Equipment.....	1,207	2,383
	<u>54,685</u>	<u>238,878</u>
Less: Accumulated Depreciation—		
Furniture and Equipment.....	551	918
	<u>54,134</u>	<u>237,960</u>
OTHER ASSETS		
Incorporation Cost Unamortized.....	563	422
Mortgage Acquisition Costs Unamortized.....	1,612	990
Deferred Charges.....	—	1,947
	<u>2,175</u>	<u>3,359</u>
	<u>358,798</u>	<u>551,128</u>

Approved on behalf of the Board

G. M. Bryson

Director

G. W. Phinney

Director

STMENTS LIMITED

BSIDIARIES

AND HATICAT HOLDINGS LIMITED

ET AS AT AUGUST 31st, 1969

LIABILITIES AND SHAREHOLDERS' EQUITY

	AUGUST 1968	31st 1969
CURRENT LIABILITIES		
Bank Loans—Secured.....	25,000	44,000
Accounts Payable and Accrued Expenses.....	4,123	11,101
Accrued Income Taxes on Earnings.....	632	4,264
Amount of Deferred Liabilities due within One Year.....	22,158	41,785
	<u>51,913</u>	<u>101,150</u>
DEFERRED INCOME—BONUSES ON MORTGAGES.....	25,313	17,025
	<u>25,313</u>	<u>17,025</u>
DEFERRED LIABILITIES		
Provision for Income Taxes.....	764	1,035
Notes and Mortgages Payable.....	66,791	230,373
	<u>67,555</u>	<u>231,408</u>
Less: Amounts due within One Year.....	22,158	41,785
	<u>45,397</u>	<u>189,623</u>
HATICAT HOLDINGS LIMITED—		
EQUITY IN EXCESS OF COST OF SHARES.....	558	558
	<u>558</u>	<u>558</u>
MINORITY INTEREST IN HATICAT HOLDINGS LIMITED		
Common Shares—Fully Paid.....	852	852
Retained Earnings.....	40	39
	<u>892</u>	<u>891</u>
SHAREHOLDERS' EQUITY		
Capital Stock—(See Note 1)		
9,646—6% Cumulative, Redeemable Preference Shares		
of \$100 Par Value Authorized of which 628		
Shares are Issued.....	62,800	62,800
1,200,000—Common Shares of No Par Value Authorized of		
which 172,357 Shares are Issued Fully Paid.....	147,942	156,344
(1968—163,915 Shares)		
90,000 Shares are Issued Partially Paid....	98,196	90,000
(1968—98,196 Shares)		
	<u>308,938</u>	<u>309,144</u>
Less: Amounts Unpaid (See Note 2).....	94,287	89,997
	<u>214,651</u>	<u>219,147</u>
Retained Earnings—Per Statement on Page No. 8	20,074	22,734
	<u>234,725</u>	<u>241,881</u>
	<u>358,798</u>	<u>551,128</u>

DREADNOUGHT INVESTMENTS LIMITED
AND ITS SUBSIDIARIES
MONTIGA INVESTMENTS LIMITED AND
HATICAT HOLDINGS LIMITED

STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED AUGUST 31st, 1969

Retained Earnings September 1st, 1968.....	20,074
Net Profit for the Year Ended August 31st, 1969.....	15,207
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	35,281
 <i>Deduct:</i> Amortization of Incorporation Expenses.....	141
Dividends Declared and Paid—	
On 6% Preferred Shares.....	4,710
On Common Shares.....	7,696
	<hr/>
	12,547
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Retained Earnings August 31st, 1969.....	22,734
	<hr/> <hr/>

DREADNOUGHT INVESTMENTS LIMITED
AND ITS SUBSIDIARIES
MONTIGA INVESTMENTS LIMITED AND
HATICAT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED AUGUST 31st, 1969

(With Comparative Figures for the Year Ended August 31st, 1968)

	<u>1968</u>	<u>1969</u>
GROSS INCOME		
Sale of Properties.....	41,700	57,800
From Rental Properties.....	2,509	15,267
Interest on Mortgages and Agreements.....	22,987	22,957
Mortgage Bonuses Amortized.....	10,423	8,436
Interest and Dividends.....	1,084	1,148
Sale of Securities in Excess of Cost.....	966	2,215
Other Income.....	754	342
	<u>80,423</u>	<u>108,165</u>
EXPENSES		
Cost of Properties Sold.....	39,781	54,370
Operating Expenses.....	21,222	33,153
Depreciation of Equipment.....	164	366
	<u>61,167</u>	<u>87,889</u>
PROFIT BEFORE INCOME TAXES.....	19,256	20,276
Provision for Income Taxes.....	4,002	5,054
	<u>15,254</u>	<u>15,222</u>
CONSOLIDATED NET PROFIT.....	15,254	15,222
Majority Interest.....	15,233	15,207
Minority Interest (2.95% of the Profit of Haticat Holdings Limited for the Year Ended August 31st, 1969)	21	15
	<u>15,254</u>	<u>15,222</u>

DREADNOUGHT INVESTMENTS LIMITED
AND ITS SUBSIDIARIES
MONTIGA INVESTMENTS LIMITED AND
HATICAT HOLDINGS LIMITED

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31st, 1969

Net Assets—Beginning of Year.....	234,725
Net Investment Income.....	12,992
Sale of Securities.....	7,789
Less: Cost	5,574
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	2,215
Principal Retirement and Disposal of Portfolio Mortgages	100,251
Subscription Payments and Issue of Shares	4,496
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	354,679
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Portfolio of Investments—Beginning of Year	282,956
Portfolio of Investments—End of Year	265,410
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	17,546
Mortgages, Notes and Securities added to Portfolio	82,705
Dividends Paid from Investment Income	12,406
Incorporation Expense Amortized	141
Net Assets—End of Year	241,881
	<hr/>
	354,679
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Net Asset Value per Common Share Issued—	
Beginning of Year	\$1.02
End of Year	\$1.03
Distribution per Share out of Investment Income—	
On Preferred Shares—\$7.50 per Share	
On Common Shares—Four and one-half Cents per Share (Proportionally Reduced with respect to Partially Paid Shares)	

DREADNOUGHT INVESTMENTS LIMITED
AND ITS SUBSIDIARIES
MONTIGA INVESTMENTS LIMITED AND
HATICAT HOLDINGS LIMITED

NOTES ACCOMPANYING 1969 FINANCIAL STATEMENTS

NOTE 1. Capital Stock issued reflects the following changes during the year:

- (1) 246—Common Shares were issued for a cash consideration of \$206.
- (2) 8,196—Partially Paid Common Shares were fully paid up and now appear as fully paid shares.

NOTE 2. Amounts Unpaid on Common Shares include the following:

- (1) \$89,997 payable over a three year period ending August 31st, 1972 or upon call by the Directors with respect to the issuance of 90,000 Common Shares to the Directors of the Company.

NOTE 3. Dreadnought Investments Limited is contingently liable in the amount of \$39,392 with respect to the unpaid subscription on Common Shares of Haticat Holdings Limited issued in their favour.

November 5th, 1969.

To the Shareholders,
Dreadnought Investments Limited,
918 Main Street East,
Hamilton 22, Ontario.

We have examined the Consolidated Balance Sheet of Dreadnought Investments Limited and its subsidiaries, Montiga Investments Limited and Haticat Holdings Limited as at August 31st, 1969, and the Consolidated Statement of Profit and Loss and Retained Earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Retained Earnings and accompanying notes present fairly the financial position of the companies as at August 31st, 1969, and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

FENTON, SWING & SINNAMON,
Chartered Accountants.

